

CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION

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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of

VEHICLE SERVICE
ADMINISTRATOR, LLC

Respondent.

STATEMENT OF ISSUES
File No. DISP-2012-00582

In the Matter of the Licenses and Licensing
Rights of

REINSURANCE ASSOCIATES, INC.

and

FINANCIAL GAP ADMINISTRATOR
LLC,

Respondents.

ACCUSATION
File No. DISP-2012-00702
File No. DISP-2012-00703

The Insurance Commissioner of the State of California in his official capacity alleges that:

JURISDICTION AND PARTIES

1. Only July 11, 2012, Respondent, VEHICLE SERVICE ADMINISTRATOR, LLC
filed an application with the Insurance Commissioner for a license to act as a Vehicle Service

1 Contract Provider in the State of California. The application lists controlling persons¹ as Matthew
2 T. Croak and Robert Berger. Said application is now pending, and no license has been issued
3 pursuant to that application.

4 2. Respondent, REINSURANCE ASSOCIATES, INC., a Missouri Corporation, is
5 now and, since July 8, 1996, has been licensed by the California Insurance Commissioner to
6 transact business as a Fire and Casualty Broker-Agent which converted by operation of law July
7 1, 2011 to a Property and Casualty Broker-Agent License. (license number 0B75145)

8 3. REINSURANCE ASSOCIATES, INC. wholly owns WISE F & I, INC. which is
9 the parent company of VEHICLE SERVICE ADMINISTRATOR, LLC. Robert Berger serves as a
10 controlling person of REINSURANCE ASSOCIATES, INC. and WISE F & I, INC;

11 4. Respondent, FINANCIAL GAP ADMINISTRATOR, LLC, a Missouri Limited
12 Liability Company, is now and, since June 14, 2012, has been licensed by the California
13 Insurance Commissioner to transact business as a Property and Casualty Broker-Agent. (license
14 number 0H92047)

15 5. REINSURANCE ASSOCIATES, INC. wholly owns WISE F & I, INC. which is
16 the parent company of FINANCIAL GAP ADMINISTRATOR, LLC. Robert Berger serves as a
17 controlling person of FINANCIAL GAP ADMINISTRATOR, LLC.

18 **FACTUAL ALLEGATIONS**

19 6. On October 21, 2009, controlling person Robert H. Berger filed a voluntary
20 petition for bankruptcy protection under Chapter 7 of Title 11 of the United States Code in the
21 United States Bankruptcy Court in the Eastern District of Missouri. On January 20, 2010, Judge
22 Charles E. Rendlen III granted Berger a discharge under section 727 of title 11, United States
23 Code.

24 ¹ **IC § 1668.5(b):** “As used in this section, ‘controlling person’ means a person who possesses, directly or indirectly,
25 the power to direct or cause the direction of the management and policies of the organization, whether through the
26 ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services,
27 or otherwise, including, but not limited to, power that is the result of an official position with or corporate office held
28 by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the
power to vote, or holds proxies representing, more than 10 percent of the voting securities of the organization. This
presumption may be rebutted by a showing that control does not exist in fact. The commissioner may, after
furnishing all persons in interest notice and opportunity to be heard, determine that control exists in fact,
notwithstanding the absence of a presumption to that effect.”

1 7. Respondent, VEHICLE SERVICE ADMINISTRATOR, LLC, filed an application
2 for the license referred to above in Paragraph 1. Question No. 23 of the background information
3 on Respondent's application reads:

4
5 "Has any demand been made or judgment rendered against the business
6 entity or any of its partners, members, controlling persons, officers,
7 directors, managers or any shareholders owning 10% or more interest in
8 the business entity for overdue monies by an insurer, insured or producer,
9 or **have you ever been subject to a bankruptcy proceeding?** If you
10 answer 'yes,' submit a statement summarizing the details of the
11 indebtedness and arrangements for repayment." [Emphasis added]

12 8. Respondent answered "No" to said question. Such answer was false and known to
13 be false in that, Robert H. Berger, a controlling person of VEHICLE SERVICE
14 ADMINISTRATOR, LLC had been subject to a bankruptcy proceeding as described above in
15 Paragraph 6.

16 9. Robert H. Berger, as a controlling person of Respondent VEHICLE SERVICE
17 ADMINISTRATOR, LLC signed the applicant's certification referenced in Paragraph 1 which
18 reads, in pertinent part:

19 *"Further, I (we) certify (or declare) under penalty of perjury that I (we)*
20 *have read the foregoing application and know the contents thereof and*
21 *that each statement therein made is full, true and correct. I (we)*
22 *understand that pursuant to Sections 1668 (h) and 1738 of the Insurance*
23 *Code, **any false statements may subject my application to denial and may***
24 ***subject my license(s) to suspension or revocation.** Further, pursuant to*
25 *Insurance Code Sections 1703 and 1733, I (we) authorize disclosure to the*
26 *Insurance Commissioner of all financial institution records of any*
27 *fiduciary accounts for the duration of this license."* [Emphasis added]

28 **STATUTORY ALLEGATIONS (Statement of Issues)**

1 10. The facts alleged above in Paragraphs 6 through 8 show that it would be against
2 the public interest to permit Respondent VEHICLE SERVICE ADMINISTRATOR, LLC to act
3 as Vehicle Service Contract Provider in the State of California and constitute grounds for said
4 Insurance Commissioner to deny the pending application of Respondent pursuant to the

provisions of Sections 1668(b), 1668.5 and 1738 of the California Insurance Code.

11. The facts alleged above in Paragraphs 6 through 8 show that Respondent VEHICLE SERVICE ADMINISTRATOR, LLC is lacking in integrity and constitute grounds for said Insurance Commissioner to deny the pending application of Respondent pursuant to the provisions of Sections 1668(e), 1668.5 and 1738 of the California Insurance Code.

12. The facts alleged above in Paragraphs 6 through 8 show that Respondent VEHICLE SERVICE ADMINISTRATOR, LLC has knowingly or willfully made a misstatement in an application to the Insurance Commissioner and constitute grounds for the Insurance Commissioner to deny the pending application of Respondent pursuant to the provisions of Sections 1668(h) and (l), 1668.5 and 1738 of the California Insurance Code.

13. WHEREFORE, Respondent VEHICLE SERVICE ADMINISTRATOR, LLC is hereby notified that it must present evidence satisfactory to the Insurance Commissioner that it is qualified to receive for which it has applied as provided for in Section 1666 of the California Insurance Code, and further must show that none of the matters set forth in Section 1668 of said Insurance Code apply as to Respondent.

STATUTORY ALLEGATIONS (Accusation)

14. The facts alleged above in Paragraphs 6 through 8 show that Robert H. Berger, a controlling person of Respondents REINSURANCE ASSOCIATES, INC and FINANCIAL GAP ADMINISTRATOR, LLC, have knowingly or willfully made a misstatement in an application or a Vehicle Service Contract Provider License to the Insurance Commissioner and constitute grounds for the Insurance Commissioner to revoke the existing Property and Casualty Licenses of Respondents RAI and FGA pursuant to the provisions of Sections 1628, 1668 subs (h) & (l), 1668.5, 1738 and 1739² of the California Insurance Code.

15. The facts alleged above in Paragraphs 6 through 8 show that it would be against

² IC § 1739: “Where a permanent license is held by an organization both the organization itself and any natural persons named thereon shall, for the purposes of this article, be deemed to be the holders thereof. **If that natural person commits any act or fails to perform any duty which is a ground for suspension or revocation of the license held by the organization, that action may be taken against the organization.** If any natural person named under an organization license commits any act or fails to perform any duty which is a ground for the suspension or revocation of any license held by the organization, the commissioner may suspend or revoke the license of the organization, or the license of the natural person, or may take all of those steps.” [Emphasis added]

1 the public interest to permit Respondents REINSURANCE ASSOCIATES, INC and
2 FINANCIAL GAP ADMINISTRATOR, LLC and constitute grounds for the Insurance
3 Commissioner to revoke the existing Property and Casualty Licenses of Respondents RAI and
4 FGA pursuant to the provisions of Sections 1628, 1668(b), 1668.5, 1738 and 1739 of the
5 California Insurance Code.

6 16. The facts alleged above in Paragraphs 6 through 8 show that Respondents
7 REINSURANCE ASSOCIATES, INC and FINANCIAL GAP ADMINISTRATOR, LLC are
8 lacking in integrity and constitute grounds for said Insurance Commissioner to revoke the existing
9 Property and Casualty Licenses of Respondents RAI and FGA pursuant to the provisions of
10 Sections 1628, 1668(e), 1668.5, 1738 and 1739 of the California Insurance Code.

11
12 Dated: November 1, 2012

DAVE JONES
Insurance Commissioner

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16
17 By _____
Sara Urakawa